

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, MARCH 11, 2014 – 9:30 AM CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Tom Burchill, Mike Luken, Greg Heineman, Tim Kessler, Ted Hustead, Pat Prostrullo

Staff Present

Commissioner Pat Costello, Deputy Commissioner Nathan Lukkes, Travis Dovre, Ashley Moore, Cherissa Nielson, Hunter Roberts

Other Staff Present

Mandy Kuipers- BankWest, Inc.
Tim Engel- May, Adam, Gerdes & Thompson LLP

Others Present

Bob Mercer

Call to Order

Chairman Erickson called the meeting to order at 9:33 AM.

Agenda

A motion was made by Ted Hustead and seconded by Greg Heineman to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Sharon Casey and seconded by John Calvin to approve the minutes of the meetings held February 11, 2014, February 19, 2014 and February 26, 2014 as presented.

Motion passed by a roll call vote.

Tax Abatement Application

A motion was made by Tim Kessler and seconded by Dale Clement to approve the application for tax abatement as presented.

Motion passed by a roll call vote.

Planning District Contract

A motion was made by John Calvin and seconded by Ted Hustead to approve allowing the Planning Districts to serve as the point of contact for new applications for EDPP and LIIP.

Motion passed by a roll call vote.

Economic Development Partnership Program Award Policy for Staff Funding, Training and Equipment Purchases

A motion was made by Tim Kessler and seconded by Tom Burchill to amend the Economic Development Partnership Program Award Policy for Staff Funding, Training and Equipment Purchases as presented.

Motion passed by a roll call vote

Economic Development Partnership Program Award Policy for Revolving Loan Funds

A motion was made by Sharon Casey and seconded by Pat Prostrullo to amend the Economic Development Partnership Program Award Policy for Revolving Loan Funds as presented.

Motion passed by a roll call vote

Local Infrastructure Improvement Program Award Policy

A motion was made by Dale Clement and seconded by Greg Heineman to amend the Local Infrastructure Improvement Program Award Policy as presented.

Motion passed by a roll call vote

Special Assets Contract

A motion was made by John Calvin and seconded by Greg Heineman to approve the Special Assets Contract as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Sharon Casey seconded by Tony Klein to enter into executive session at 9:50 am to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants and consult with legal counsel.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:20 am. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants and consult with legal counsel.

A motion was made by Ted Hustead and seconded by John Calvin to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Old Business

Arlington Community Development Corporation

A motion was made by Tim Kessler and seconded by Sharon Casey to approve an amendment to the Economic Development Partnership grant award to the Arlington Community Development Corporation in the amount of \$55,000 for a revised budget as recommended by staff and Grant Committee in the board packet.

Motion passed by a roll call vote.

Electronic Systems, Inc.

A motion was made by Tom Burchill and seconded by Mike Luken to approve moving the remaining \$4,497.77 of the South Dakota Jobs Payment back to the uncommitted balance of the South Dakota Jobs Fund.

Motion passed by a roll call vote.

New Business

B&H Wind, LLC

A motion was made by Pat Prostrullo and seconded by Tom Burchill to approve the Reinvestment Payment application of B&H Wind, LLC as recommended by staff in the board packet.

B&H Wind, LLC

- Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$2,900,00, but not to exceed 85% of the State Sales and Use Tax paid on eligible project costs, is approved for B&H Wind, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Heart of the Hills Development Corporation and City of Wagner

A motion was made by Sharon Casey and seconded by Ted Hustead to approve the Economic Development Partnership grant application of the Heart of the Hills Development Corporation and City of Wagner as recommended by staff and Grant Committee in the board packet.

Heart of the Hills Development Corporation

- Approve an Economic Development Partnership grant award to the Heart of the Hills Development Corporation in the amount of \$10,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

City of Wagner

- Approve an Economic Development Partnership grant award to the City of Wagner in the amount of \$40,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding. The Grant Agreement will require board contingencies as approved.

Motion passed by a roll call vote.

Cloud Horse Art Institute

A motion was made by Dale Clement and seconded by Greg Heineman to deny the Economic Development Partnership grant application of the Cloud Horse Art Institute as recommended by staff and Grant Committee in the board packet

Cloud Horse Art Institute

- Deny the application of Cloud Horse Art Institute for an Economic Development Partnership grant in the amount of \$100,000.

Motion passed by a roll call vote.

City of Parkston

A motion was made by Mike Luken and seconded by John Calvin to approve the Local Infrastructure Improvement grant application of the City of Parkston as recommended by staff and Grant Committee in the board packet.

City of Parkston

- Approve a Local Infrastructure Improvement grant award to the City of Parkston in the amount of \$143,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy

Motion passed by a roll call vote.

City of Hartford, Thunder Valley Development Corporation and City of Pierre

A motion was made by Pat Prostrullo and seconded by Tim Kessler to deny the Local Infrastructure Improvement grant applications of the City of Hartford, Thunder Valley Development Corporation and City of Pierre and as recommended by staff and Grant Committee in the board packet.

City of Hartford

- Deny the application of the City of Hartford for Local Infrastructure Improvement grant award in the amount \$390,000.

Thunder Valley Development Corporation

- Deny the application of the Thunder Valley Development Corporation for Local Infrastructure Improvement grant award in the amount \$452,500.

City of Pierre

- Deny the application of the City of Pierre for Local Infrastructure Improvement grant award in the amount \$354,258.

Motion passed by a roll call vote.

Carl V. Carlson Company

A motion was made by Sharon Casey and seconded by John Calvin to approve the waiver for a loan over \$1,000,000.

Motion passed by a roll call vote.

A motion was made by Dale Clement and seconded by Mike Luken to approve the loan request from Carl V. Carlson Company in the amount of \$1,420,000. Secured by a shared 1st position on equipment, 2nd position on real estate and personal guarantees with principals of 10% or more ownership.

The loan is approved according to the terms and conditions of the commitment letter and that all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion passed by a roll call vote with Tom Burchill abstaining.

Bills

A motion was made by Pat Prostrullo and seconded by Tim Kessler approve the bill payable to BankWest, Inc. in the amount of \$11,000.00 for the February Servicing, Eide Bailly LLP in the amount of \$7,609.27 for Audit Work and May, Adam, Gerdes & Thompson LLP in the amounts of \$1,314.56, \$1,679.61 and \$6,607.80 for Legal Work.

Motion passed by a roll call vote.

Adjourn

A motion was made by Tony Klein and seconded by Pat Prostrullo to adjourn the meeting at 10:50 am.

Motion passed by a roll call vote.



Dale Clement, Secretary or
Tony Klein, Treasurer